

**CHAPTER 9. IMPROPER PAYMENTS AND LOSS OF FUNDS**

**TABLE OF CONTENTS**

9.1	OVERVIEW.....	9-1
9.2	POLICY.....	9-1
9.3	AUTHORITIES AND REFERENCES.....	9-3
9.4	ROLES AND RESPONSIBILITIES.....	9-3
9.5	DEFINITIONS.....	9-4

## CHAPTER 9. IMPROPER PAYMENTS AND LOSS OF FUNDS

### 9.1 OVERVIEW.

- 9.1.1 This chapter provides the NASA policy to comply with the requirements of the Improper Payments Information Act (IPIA) of 2002. This chapter also addresses the accountable officers' responsibilities for ensuring payments are proper and their liability for improper payments. NASA accountable officials include Certifying Officers (COs) and Collection Agents.

### 9.2 POLICY.

#### 9.2.1 Improper Payment Reviews, Risk Assessments, and Reporting Requirements.

- A. To comply with the provisions of the Office of Management and Budget (OMB) Circular No. A-123, Appendix C, NASA shall review all programs and projects and identify those which may be susceptible to significant erroneous payments.
- B. Risk Assessments.
1. Annual risk assessments are required for all NASA programs and projects where the level of risk is unknown until the risk level is determined and the baseline estimates are established (if applicable).
  2. For programs and projects deemed not risk susceptible, NASA shall conduct risk assessments every three years.
  3. NASA is not required to conduct a formal risk assessment if improper payment baselines have already been established, in the process of being measured, or will be measured by an established date for a program or project.
  4. If a program or project experiences a significant change in legislation and/or a significant increase in funding level, NASA shall re-assess the program or project's risk susceptibility during the next annual cycle, even if it is less than three years from the last risk assessment.
  5. In OMB Circular No. A-123, Appendix C, OMB provides several steps that agencies should follow to determine whether the risk of improper payments is significant. NASA personnel requiring this information should refer to the OMB circular.
- C. Reporting Requirements. NASA report preparers shall refer to OMB Circular No. A-136 for detailed reporting requirements and format for reporting improper payments and recovery auditing activities.

#### 9.2.2 Certifying Officers' Accountability.

- A. COs have a responsibility to verify proposed payments are legal, proper and correct. The verification involves certifying a voucher upon which a disbursement will be made. The CO's certification of a voucher is an assertion of the appropriateness of each payment on the voucher entailing a level of accountability for:
  - 1. The existence and correctness of the computations and facts stated in a voucher and its supporting records.
  - 2. The legality of the proposed payment under the particular appropriation or fund charged for the disbursement (officials designated as COs for payments are not responsible for assuring the availability of funds).
  - 3. Any illegal, improper or incorrect payment resulting from any false, inaccurate or misleading certification, as well as for any payment prohibited by law. COs shall be held accountable for and required to make good to the United States the amount of such payments.
  - 4. Compliance with internal controls established to safeguard and protect the interest of the Government.
- B. The certification of a voucher is to be performed according to the informed judgment of the CO based upon the facts establishing the legality and propriety of the claim.
- C. Coercion or administrative pressure will not be used to obtain a certification. This does not prohibit discussing any facts or circumstances bearing on invoices with a view toward expediting settlement.
- D. If improper payments cannot be recouped by collection, stop payment, or other means, unless relieved of liability the CO is held personally liable for repayment for amounts on vouchers he/she approves with his/her certification where there is:
  - 1. An illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certification made by the officer.
  - 2. A payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.

#### 9.2.3 Collection Agents' Accountability.

- A. Unless relieved of liability, Collection Agents are held personally liable for physical loss of funds. Collection Agent's responsibilities form a basis for safeguarding the loss of funds and include:
  - 1. Keeping receipts and records for:
    - a. Collections received.

- b. Collections not deposited.
  - c. Collections in transit to be deposited.
  - d. Confirmations of deposits made.
  - e. Monitoring the proper crediting of amounts deposited.
- 2. Adequate fiscal control including:
    - a. Locking funds in a safe.
    - b. Not permitting unauthorized access to funds.
    - c. Assuring that transfers of accountability are documented and approved.
  - 3. Observing internal control procedures.

### 9.3 AUTHORITIES AND REFERENCES.

- 9.3.1 31 U.S.C. § 3521, Audits by Agencies
- 9.3.2 31 U.S.C. § 3526, Settlement of Accounts
- 9.3.3 31 U.S.C. § 3527, General Authority to Relieve Accountable Officials and Agents from Liability
- 9.3.4 31 U.S.C. § 3528, Responsibilities and Relief from Liability of Certifying Officials
- 9.3.5 31 U.S.C. § 3530, Adjusting Accounts
- 9.3.6 31 U.S.C. § 3532, Notification of Account Deficiencies
- 9.3.7 OMB Circular No. A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments
- 9.3.8 OMB Circular No. A-136, Section II.5.7, Improper Payments Information Act Reporting Details

### 9.4 ROLES AND RESPONSIBILITIES.

- 9.4.1 NASA accountable officers shall:
  - A. Verify all proposed payments are legal, proper, and correct.
  - B. Review all programs and projects to determine which programs and projects are susceptible to significant improper payments.

- 9.4.2 NASA Headquarters Mission Directorates and Support Offices, NASA Centers, NASA Shared Services Center, and NASA's Component Facilities shall comply with the authorities and references listed in Section 9.3 and the policy provided in this Chapter.

9.5 DEFINITIONS.

- 9.5.1 Accountable Officer. An accountable officer is any government officer or employee who by reason of employment is responsible for or has custody of government funds. This includes COs, Disbursing Officers, and Government officials that handle public moneys, authorize disbursements and process collections.
- 9.5.2 Improper Payment. The term improper payment is synonymous with erroneous payments and is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Improper payments include the following:
- A. Incorrect amounts that result in overpayments or underpayments of goods and services.
  - B. Inappropriate denials of payment or services.
  - C. Any payment that was made to an ineligible recipient or for an ineligible service.
  - D. Duplicate payments.
  - E. Payments for services not received.
  - F. When an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.